

DOCKET NO. 93-678-C - ORDER NO. 94-397 *VC*

IN RE: Application of Keystone)
Telecommunications, Inc. for a) ORDER
Certificate of Public Convenience) APPROVING
and Necessity for Resale of InterLATA) CERTIFICATE
Telecommunications Services.)

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Keystone Telecommunications, Inc. (Keystone or the Company or the Applicant) requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate resold telecommunications services in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-8-280 (Supp. 1992) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Keystone to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of the Company's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. Keystone complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to Intervene were filed by Southern Bell Telephone and

Telegraph Company (Southern Bell)¹ and the South Carolina Department of Consumer Affairs (the Consumer Advocate). By letter dated April 26, 1994, the Consumer Advocate informed the Commission that he is satisfied that the services offered by the Applicant are consistent with services approved by the Commission in prior dockets, and, therefore, the Consumer Advocate does not wish to participate in any hearing scheduled in this matter.

Jeff Diamond, Vice-President of Keystone, submitted testimony and an affidavit. Mr. Diamond explained Keystone's request for authority. Mr. Diamond stated that Keystone currently provides resale long distance communications services. According to Mr. Diamond, Keystone seeks to offer its services throughout the state of South Carolina. Mr. Diamond testified that Keystone does not construct facilities, and Keystone's underlying carriers are Wiltel and AT&T. Keystone does not propose to provide operator services and operator services will be provided by underlying carriers.

Mr. Diamond stated that Keystone does not offer or intend to offer 900 services in South Carolina, or debit card services. Mr. Diamond testified that Keystone will abide by state law and the rules and regulations of the Commission. Mr. Diamond also offered that Keystone has the necessary managerial, technical, and financial resources and ability to provide the services for which authority is sought. Mr. Diamond also stated that the issuance of a Certificate of Public Convenience and Necessity to Keystone

1. Southern Bell subsequently moved to withdraw its Intervention in this Docket and was allowed to withdraw its Intervention by Order No. 94-035, dated January 12, 1994.

would be in the public interest as it would expand the availability of telecommunications services to more members of the public and at more competitive prices thereby allowing residential and small business customers to maintain their communications costs at levels that equal or approach those costs only available to very large users.

After full consideration of the applicable law, the Company's Application, and the testimony and affidavit presented by the Company, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Keystone is incorporated under the laws of the State of Pennsylvania, and is authorized to transact business in the State of South Carolina as a foreign corporation by the Secretary of State.

2. Keystone operates as a non-facilities based reseller of interexchange services and wishes to do so in South Carolina.

3. Keystone has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Keystone to provide intrastate interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Services (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers

approved by the Commission.

2. The Commission adopts a rate design for Keystone for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Keystone shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Keystone shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1993).

4. Keystone shall file its tariff and an accompanying price list to reflect the Commission's findings within thirty (30) days of the date of this Order. Further, the tariff shall be filed

with the Commission in a loose-leaf binder.

5. Keystone is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if they so desire.

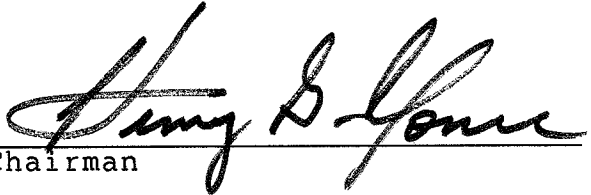
7. Keystone shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Keystone changes underlying carriers, it shall notify the Commission in writing.

8. Keystone shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

9. Keystone shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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MAY 3, 1994
ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR RESELLERS OF TELECOMMUNICATION SERVICE

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL
AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).